

THE BRIDGE OVER TROUBLED WATERS, INC. AND THE BRIDGE FOUNDATION, INC.

Report of Independent Auditor and Combined
Financial Statements with Supplemental
Information and Federal Compliance with the
Uniform Guidance

December 31, 2019 and 2018



**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.**

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December 31, 2019 and 2018

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REPORT OF INDEPENDENT AUDITOR

To the Board of Directors of
The Bridge Over Troubled Waters, Inc. and
The Bridge Foundation, Inc.
Pasadena, Texas

Report on Combined financial statements

We have audited the accompanying combined financial statements of The Bridge Over Troubled Waters, Inc. and The Bridge Foundation, Inc., both nonprofit organizations (collectively the “Organization”), which comprise the combined statements of financial position as of December 31, 2019 and 2018, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of December 31, 2019 and 2018, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Emphasis of Matter

As discussed in Note 15 to the combined financial statements, in March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. As a result of the declared outbreak, an economic downturn has had a significant negative impact on local and global economies. While the Organization expects this matter to negatively impact its results of operations, cash flows and financial position, the related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information Required by Uniform Guidance

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2020 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal controls over financial reporting and compliance.

PMB HELIN DONOVAN, LLP

PMB Helin Donovan, LLP

July 31, 2020
Austin, Texas

THE BRIDGE OVER TROUBLED WATERS, INC.

Combined Statements of Financial Position

As of December 31, 2019 and 2018

| | 2019 | 2018 |
|--------------------------------------------------|--------------------------------|--------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 1,041,306 | \$ 494,234 |
| Short-term investments - certificates of deposit | 161,794 | 158,969 |
| Accounts receivable | | |
| Government grants | 586,886 | 780,284 |
| United Way contract | 75,446 | 82,226 |
| Contributions | 109,489 | 91,650 |
| Other | 25,705 | 38,632 |
| Prepaid expenses and other current assets | 66,281 | 92,185 |
| Current assets | <u>2,066,907</u> | <u>1,738,180</u> |
| Property and equipment, net | <u>4,376,683</u> | <u>4,356,557</u> |
| Total assets | <u><u>\$ 6,443,590</u></u> | <u><u>\$ 6,094,737</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 222,359 | \$ 342,785 |
| Note payable - current portion | 43,122 | 40,819 |
| Current liabilities | <u>265,481</u> | <u>383,604</u> |
| Note payable - non current portion | <u>393,094</u> | <u>436,216</u> |
| Total liabilities | <u>658,575</u> | <u>819,820</u> |
| Net Assets: | | |
| Without donor restrictions | 5,716,766 | 5,211,643 |
| With donor restrictions | 68,249 | 63,274 |
| Total net assets | <u>5,785,015</u> | <u>5,274,917</u> |
| Total liabilities and net assets | <u><u>\$ 6,443,590</u></u> | <u><u>\$ 6,094,737</u></u> |

See report of independent auditor and accompanying notes.

THE BRIDGE OVER TROUBLED WATERS, INC.

Combined Statements of Activities
Years Ended December 31, 2019 and 2018

| | 2019 | | | 2018 | | |
|-------------------------------------------|----------------------------------|----------------------------|---------------------|----------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUES | | | | | | |
| Government grants | \$ 4,768,542 | \$ - | \$ 4,768,542 | \$ 5,167,142 | \$ - | \$ 5,167,142 |
| Non-governmental grants and contributions | 1,456,606 | 236,656 | 1,693,262 | 760,304 | 247,236 | 1,007,540 |
| In-kind contributions | 448,018 | - | 448,018 | 644,741 | - | 644,741 |
| Fees | 49,282 | - | 49,282 | 88,052 | - | 88,052 |
| Auxiliary activities, net of direct costs | 53,146 | - | 53,146 | 124,458 | - | 124,458 |
| Interest and dividend income | 11,279 | - | 11,279 | 16,129 | - | 16,129 |
| Net assets released from restrictions | 231,681 | (231,681) | - | 261,095 | (261,095) | - |
| Total revenue | <u>7,018,554</u> | <u>4,975</u> | <u>7,023,529</u> | <u>7,061,921</u> | <u>(13,859)</u> | <u>7,048,062</u> |
| EXPENSES | | | | | | |
| Program Expenses | | | | | | |
| Emergency shelter | 2,274,104 | - | 2,274,104 | 2,353,085 | - | 2,353,085 |
| Long-term housing | 1,235,084 | - | 1,235,084 | 1,239,627 | - | 1,239,627 |
| Advocacy services | 1,826,975 | - | 1,826,975 | 2,205,556 | - | 2,205,556 |
| Education services | 234,207 | - | 234,207 | 190,727 | - | 190,727 |
| Total program expenses | <u>5,570,370</u> | <u>-</u> | <u>5,570,370</u> | <u>5,988,995</u> | <u>-</u> | <u>5,988,995</u> |
| Support Services | | | | | | |
| Management and general | 560,471 | - | 560,471 | 481,512 | - | 481,512 |
| Fundraising | 382,590 | - | 382,590 | 269,073 | - | 269,073 |
| Total support expenses | <u>943,061</u> | <u>-</u> | <u>943,061</u> | <u>750,585</u> | <u>-</u> | <u>750,585</u> |
| Total expenses | <u>6,513,431</u> | <u>-</u> | <u>6,513,431</u> | <u>6,739,580</u> | <u>-</u> | <u>6,739,580</u> |
| Change in net assets | <u>505,123</u> | <u>4,975</u> | <u>510,098</u> | <u>322,341</u> | <u>(13,859)</u> | <u>308,482</u> |
| Net assets, beginning of year | <u>5,211,643</u> | <u>63,274</u> | <u>5,274,917</u> | <u>4,889,302</u> | <u>77,133</u> | <u>4,966,435</u> |
| Net assets, end of year | <u>\$ 5,716,766</u> | <u>\$ 68,249</u> | <u>\$ 5,785,015</u> | <u>\$ 5,211,643</u> | <u>\$ 63,274</u> | <u>\$ 5,274,917</u> |

See report of independent auditor and accompanying notes.

THE BRIDGE OVER TROUBLED WATERS, INC.

Combined Statement of Functional Expenses

Year Ended December 31, 2019

| | Emergency Shelter | Long-term Housing | Advocacy Services | Education Services | Total Program Expenses | Management and General | Fund Raising | Total |
|-------------------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-----------------------------------|-----------------------------------|---------------------|---------------------|
| Salaries | \$ 1,262,654 | \$ 584,827 | \$ 972,075 | \$ 152,826 | \$ 2,972,382 | \$ 346,942 | \$ 145,659 | \$ 3,464,983 |
| Employee benefits | 93,045 | 42,410 | 71,414 | 11,430 | 218,299 | 25,189 | 10,713 | 254,201 |
| Payroll taxes | 92,298 | 64,172 | 93,336 | 12,735 | 262,541 | 35,786 | 13,220 | 311,547 |
| Assistance to individuals | 298,968 | 410,931 | 505,166 | 17,465 | 1,232,530 | 1,365 | 6,246 | 1,240,141 |
| Travel and transportation | 15,731 | 7,339 | 25,073 | 6,128 | 54,271 | 34,616 | 4,403 | 93,290 |
| Conferences and meetings | 553 | - | 2,291 | 490 | 3,334 | 495 | 109 | 3,938 |
| Interest, financing, and credit card fees | - | 125 | - | 1,358 | 1,483 | 3,122 | 25,395 | 30,000 |
| Insurance | 46,217 | 11,364 | 4,987 | 1,545 | 64,113 | 7,462 | 3,139 | 74,714 |
| Staff development | 836 | 504 | 9,706 | 309 | 11,355 | 2,425 | 1,438 | 15,218 |
| Telephone | 19,029 | 8,968 | 28,247 | 4,469 | 60,713 | 11,430 | 2,285 | 74,428 |
| Postage and delivery | 63 | 86 | 68 | 6 | 223 | 1,112 | 1,014 | 2,349 |
| Professional and contract services | 103,592 | 46,245 | 49,486 | 11,659 | 210,982 | 52,025 | 161,258 | 424,265 |
| Occupancy | 96,693 | 15,190 | 28,852 | 2,991 | 143,726 | 8,820 | 1,863 | 154,409 |
| Equipment and furniture costs | 48,639 | 8,726 | 9,453 | 1,909 | 68,727 | 6,562 | 849 | 76,138 |
| Supplies | 33,457 | 20,500 | 8,276 | 4,492 | 66,725 | 7,279 | 697 | 74,701 |
| Printing and publications | - | - | - | 714 | 714 | 1,531 | 635 | 2,880 |
| Depreciation | 162,329 | 13,697 | 18,545 | 3,681 | 198,252 | 14,310 | 3,667 | 216,229 |
| | <u>\$ 2,274,104</u> | <u>\$ 1,235,084</u> | <u>\$ 1,826,975</u> | <u>\$ 234,207</u> | <u>\$ 5,570,370</u> | <u>\$ 560,471</u> | <u>\$ 382,590</u> | <u>\$ 6,513,431</u> |

See report of independent auditor and accompanying notes.

THE BRIDGE OVER TROUBLED WATERS, INC.

Combined Statement of Functional Expenses

Year Ended December 31, 2018

| | Emergency Shelter | Long-term Housing | Advocacy Services | Education Services | Total Program Expenses | Management and General | Fund Raising | Total |
|-------------------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-----------------------------------|-----------------------------------|---------------------|---------------------|
| Salaries | \$ 1,288,037 | \$ 628,760 | \$ 1,023,695 | \$ 129,855 | \$ 3,070,347 | \$ 345,695 | \$ 166,082 | \$ 3,582,124 |
| Employee benefits | 110,114 | 52,385 | 94,087 | 10,362 | 266,948 | 33,892 | 14,413 | 315,253 |
| Payroll taxes | 5,945 | 2,701 | 4,569 | 773 | 13,988 | 1,420 | 588 | 15,996 |
| Assistance to individuals | 377,709 | 440,892 | 687,711 | 12,544 | 1,518,856 | - | 27,572 | 1,546,428 |
| Travel and transportation | 14,815 | 7,308 | 20,576 | 9,435 | 52,134 | 4,966 | 1,450 | 58,550 |
| Conferences and meetings | 226 | 62 | 2,727 | 2,622 | 5,637 | 390 | 100 | 6,127 |
| Interest, financing, and credit card fees | - | 14 | - | 1,270 | 1,284 | 4,690 | 28,470 | 34,444 |
| Insurance | 49,115 | 10,828 | 5,806 | 1,818 | 67,567 | 7,794 | 3,301 | 78,662 |
| Staff development | 963 | 1,248 | 2,878 | - | 5,089 | 15,135 | 772 | 20,996 |
| Telephone | 15,338 | 9,075 | 27,225 | 4,024 | 55,662 | 5,661 | 2,127 | 63,450 |
| Postage and delivery | 36 | 33 | 128 | - | 197 | 1,378 | 789 | 2,364 |
| Professional and contract services | 115,025 | 35,530 | 260,590 | 7,664 | 418,809 | 25,338 | 16,285 | 460,432 |
| Occupancy | 93,227 | 18,669 | 29,672 | 3,176 | 144,744 | 5,050 | 1,906 | 151,700 |
| Equipment and furniture costs | 69,676 | 11,419 | 18,395 | 1,762 | 101,252 | 5,886 | 1,149 | 108,287 |
| Supplies | 39,820 | 7,079 | 9,342 | 632 | 56,873 | 8,368 | 354 | 65,595 |
| Printing and publications | - | - | - | 1,120 | 1,120 | 1,757 | 71 | 2,948 |
| Depreciation | 173,039 | 13,624 | 18,155 | 3,670 | 208,488 | 14,092 | 3,644 | 226,224 |
| | <u>\$ 2,353,085</u> | <u>\$ 1,239,627</u> | <u>\$ 2,205,556</u> | <u>\$ 190,727</u> | <u>\$ 5,988,995</u> | <u>\$ 481,512</u> | <u>\$ 269,073</u> | <u>\$ 6,739,580</u> |

See report of independent auditor and accompanying notes.

THE BRIDGE OVER TROUBLED WATERS, INC.Combined Statements of Cash Flows
Years Ended December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------------------------------------------------------|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 510,098 | \$ 308,482 |
| Adjustments to reconcile change in net assets to net cash provided by operations: | | |
| Depreciation | 216,229 | 226,224 |
| (Increase) decrease in operating assets: | | |
| Accounts receivable | 195,266 | (315,125) |
| Accrued interest income | (2,825) | (969) |
| Prepaid expenses and other current assets | 25,904 | (10,892) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and accrued expenses | (120,426) | (96,678) |
| Net cash provided by operating activities | <u>824,246</u> | <u>111,042</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (236,355) | (34,248) |
| Net cash used in investing activities | <u>(236,355)</u> | <u>(34,248)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments on notes payable | (40,819) | (37,958) |
| Net cash used in financing activities | <u>(40,819)</u> | <u>(37,958)</u> |
| Net change in cash and cash equivalents | 547,072 | 232,193 |
| CASH, beginning of year | <u>494,234</u> | <u>262,041</u> |
| CASH, end of year | <u>\$ 1,041,306</u> | <u>\$ 494,234</u> |
| SUPPLEMENTAL DISCLOSURE | | |
| Cash paid for interest | \$ 25,183 | \$ 28,042 |
| Cash paid for income taxes | \$ - | \$ - |

See report of independent auditor and accompanying notes.

THE BRIDGE OVER TROUBLED WATERS, INC.

Notes to the Combined Financial Statements

December 31, 2019 and 2018

NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES

The Bridge Over Troubled Waters, Inc. (“The Bridge”) and its affiliate, The Bridge Foundation, Inc. (“The Foundation”) (collectively, “the Organization”) are tax exempt, non-profit corporations incorporated under the State of Texas Non-Profit Corporations Act. The Bridge was organized in 1978 for the purpose of providing safe housing for victims of domestic violence and sexual assault in Harris County. The Foundation was organized to receive cash and non-cash donations and to manage contributed assets for the direct benefit of The Bridge. The Bridge receives its support from government grants, the United Way and the general public in the form of cash donations, property, goods and services.

Program Services

The Bridge operates programs under six program categories. Each category and the level of services provided during the years ended December 31, 2019 and 2018, are summarized as follows:

Emergency Shelter - Emergency Shelter services increase the health, safety and stability of any victims of domestic violence, sexual assault or homelessness. This is accomplished by providing safe shelter; on-site childcare; nutrition; crisis intervention; and access to all Advocacy and Educational Services (described below), including legal advocacy and case management. During the years ended December 31, 2019 and 2018, 1,698 and 1,647 women and children, respectively, were assisted for an average of 22 days. For the years ended December 31, 2019 and 2018, total shelter days were 37,166 and 35,422, respectively.

Long-Term Housing - The Transitional and Permanent Housing programs assist individuals and families in achieving self-sufficiency by subsidizing rent; subsidizing childcare; providing assistance in developing a long-term plan; and providing access to all Advocacy and Educational Services (described below). The Long-Term Housing program served 2,382 and 2,774 adults and children during 2019 and 2018, respectively.

Childcare Services - Childcare services are offered to clients of the Emergency Shelter and Long-Term Housing programs. Individualized, age-appropriate services help children to heal from crisis and overcome developmental gaps. Services include support groups; counseling; enrichment trips; tutoring; mentoring; and public-school advocacy. This program served 4,745 and 4,951 children during 2019 and 2018, respectively.

Advocacy Services - Advocacy services are provided to residential and nonresidential clients. Services include casework; a twenty-four-hour hotline; information and referrals; safety planning; counseling; employment services; advocacy, legal and twenty-four-hour medical accompaniment; support groups; and life skills programs. This program served 19,007 and 17,149 individuals during 2019 and 2018, respectively.

Education Services - The goals of this program are to prevent abuse by educating the community, including youth and children, about the myths, realities, and root causes of family violence and sexual assault; train professionals to identify and effectively serve victims of abuse; provide a safe atmosphere for victims of abuse to seek help; and provide awareness of agency services. This program was attended by 5,879 and 4,850 people in 2019 and 2018, respectively.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The Organization’s combined financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (“GAAP”). All intercompany transactions between The Bridge and The Foundation have been eliminated in consolidation. For combined financial statement purposes, the Organization distinguishes between contributions of net assets without and with donor restrictions as follows:

THE BRIDGE OVER TROUBLED WATERS, INC.

Notes to the Combined Financial Statements

December 31, 2019 and 2018

(Continued)

Net Assets without Donor Restrictions - Net assets that are not subject to stipulations. Net assets without donor stipulations may be used for any purpose or designated for specific purposes by action of the Board of Directors. As of December 31, 2019 and 2018, there were no board designated net assets.

Net Assets with Donor Restrictions - Net assets representing resources currently available for use, but expendable only for those operating purposes specified by the donor.

Use of Estimates - The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates for the Organization include the depreciable life of property and equipment, potential impairment of long-lived assets, the fair value of donated materials or services and the allocation of expenses by function. Actual results could differ from those estimated.

Cash and Cash Equivalents - For purposes of the combined statement of cash flows, cash and cash equivalents consist of cash held in bank deposit accounts and short-term, highly liquid investments with purchased maturities of 90 days or less.

Investments - The Organization holds three, 365 day, certificates of deposit at two local banks which earn interest at rates between 0.45% and 1.90%. Two certificates mature in June 2020, and the third matures in November 2020. The certificates are stated at cost, plus accrued interest, which approximates fair value.

Accounts Receivable and Allowance for Doubtful Accounts - Accounts receivable are stated at cost, less an allowance for doubtful accounts, established when management determines that receivables exceed net realizable value. At December 31, 2019 and 2018, there was no allowance for doubtful accounts since management considers all receivables to be fully collectible.

Property and Equipment - Purchased property and equipment is recorded at cost while contributed property is recorded at fair value at the date of contribution. Property and equipment are depreciated using the straight-line method over the useful lives of the assets which range from three to thirty years. Absent donor stipulations, donated property and equipment is recorded as unrestricted support when placed in service.

Expenditures for maintenance and repairs of fixed assets are charged to operations as incurred. Additions, improvements and major renewals are capitalized. The cost of assets retired or sold, together with the related accumulated depreciation, are removed from the accounts, and any profit or loss on disposition is credited or charged to operations.

Impairment of Long-lived Assets - GAAP requires an entity to review long-lived tangible and intangible assets with definite lives for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by comparison of its carrying amount to future undiscounted cash flows the assets are expected to generate. The Organization considers historical performance and future estimated results in their evaluation of impairment. No impairment has been recorded for the years ended December 31, 2019 and 2018.

Contributions - Contributions received (including unconditional promises to give) are recorded as net assets without donor restrictions in the period received depending on the existence and/or nature of any donor restrictions. Conditional promises to give (pledges and grants) are recognized as the conditions upon which they depend are substantially met. Promises to give are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received.

THE BRIDGE OVER TROUBLED WATERS, INC.

Notes to the Combined Financial Statements

December 31, 2019 and 2018

(Continued)

The Organization reports contributions as net assets with donor restrictions if the support is received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as net assets without donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions in the reporting period in which the support is recognized.

Grants - Funding in the form of grant contracts is received from governmental and non-governmental sources. Certain contracts are classified as exchange transactions and are considered to be net assets without donor restrictions as the entity providing the grant funding receives a benefit for the service provided. Revenue under such contracts is recognized as services are rendered or the related expenses are incurred. Receipts of grant payments in advance are reported as deferred revenue.

Other grant contracts are classified as contributions as, under such contracts, the funding source receives no direct benefit from the program services provided by the Organization. Under these contracts, revenue is recognized when the donor makes a promise to give that is, in substance, unconditional. Revenue associated with contracts that include donor conditions is recognized as the conditions are met.

In-Kind Contributions - Donated assets or contributed services are recorded at their estimated fair values at the date of receipt or occurrence. The value of contributed services meeting the requirements for recognition is based upon the comparative cost of acquiring such services. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services and have not been recorded in the accompanying combined financial statements.

Functional Expenses - The expense information contained in the combined statements of activities and functional expenses is presented on a functional basis. Accordingly, certain expenses are allocated between functional categories based on management's estimates. Indirect costs, such as office space, utilities, and certain payroll costs are allocated to the programs by management based on factors such as square footage of space used and time devoted to each program.

Fundraising Expenses - Fundraising costs include direct costs of carrying out the fundraising activities, an allocation of payroll costs for staff members involved in the fundraising activities, and an allocation of indirect overhead costs. Costs of products or services that directly benefit the donors are recorded as an offset to fundraising revenues.

Compensated Absences - Employees are allowed to carry-over one-half of the current year vacation accrual to the following year. Sick leave is accrued up to 30 days but is not payable in cash to the employee. Therefore, unused vacation time is accrued as an expense in the financial statements based on amounts accumulated within the past year. Unused sick time is not recorded as an expense until such time it is used.

Income Taxes - The Bridge and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Both are also exempt from state and local taxes. Accordingly, there is no provision or liability for federal or state income taxes in the accompanying combined financial statements.

GAAP requires recognition and disclosure of uncertain tax positions in the combined financial statements and footnotes. Management has analyzed the tax positions taken by the Organization and has concluded that, as of December 31, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to examination for their prior three years of information returns but have not received any such notice from the Internal Revenue Service.

THE BRIDGE OVER TROUBLED WATERS, INC.

Notes to the Combined Financial Statements

December 31, 2019 and 2018

(Continued)

Concentration of Credit Risk - Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, certificates of deposit (CDs) and accounts receivable. At various times during the years ended December 31, 2019 and 2018, balances in these accounts may have exceeded Federal Deposit Insurance Corporation (FDIC) insured limits, however the Organization has not experienced and does not anticipate any credit losses on these deposits.

For grants and other receivables, the Organization performs ongoing credit evaluations of the donor's financial condition. Grants receivable are typically due from state and federal governmental agencies, and the risk of loss is considered remote.

Recently Issued Accounting Principles - In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2014-09, *Revenue Recognition* (Topic 606). This ASU provides a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and the timing of revenue recognition. The new standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019 and early adoption is permitted. The new standard allows for two alternative implementation methods: the use of either (1) full retrospective application to each prior reporting period presented or (2) modified retrospective application in which the cumulative effect of initially applying the revenue standard is recognized as an adjustment to the opening balance of retained earnings in the period of adoption. The Organization has elected not to early adopt this ASU as of December 31, 2019 but is currently assessing the impact of the new standard on its financial reporting.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For private companies, the ASU is effective for years beginning after December 15, 2019. Early adoption is permitted. The Organization has elected not to early adopt this ASU as of December 31, 2019 but is currently assessing the impact of the new standard on its financial reporting.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958). This ASU is intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. The amendments in this ASU provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. ASU 2018-18 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Organization has elected not to early adopt this ASU as of December 31, 2019 but is currently assessing the impact of the new standard on its financial reporting.

Other recently issued ASU's were assessed and determined to be either not applicable or are expected to have minimal impact on its combined financial position and results of operations.

Management's Review - The Organization evaluates events that occur subsequent to the combined statement of financial position date of periodic reports, but before the combined financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Organization's combined financial statements are available for issue. For the combined financial statements, as of and for the year ending December 31, 2019, this date was July 31, 2020.

THE BRIDGE OVER TROUBLED WATERS, INC.

Notes to the Combined Financial Statements

December 31, 2019 and 2018

(Continued)

NOTE 3. LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

| | | |
|-----------------------------------|----|------------------|
| Cash and cash equivalents | \$ | 1,041,306 |
| Short-term investments | | 161,794 |
| Accounts receivable | | 797,526 |
| Prepaid expenses and other assets | | 66,281 |
| Total current assets | \$ | <u>2,066,907</u> |

None of the above financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Receivable balances are expected to be collected within one year. The Bridge has policies on managing funds to meet day-to-day cash needs and has ample liquid resources for general expenditures within one year of the balance sheet date. The Organization also has experienced recurring surpluses and positive cash flows from operations for the past several years. To help manage unanticipated liquidity needs, \$5.2 million of grants have been renewed which will assist in funding operations during the following twelve months. The Bridge has a committed line of credit with Capital Bank in the amount of \$50,000. Additionally, the Organization obtained a SBA 7a PPP Loan in the amount of \$59,605 on April 16, 2020.

NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date (exit price). GAAP characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices in active markets for identical investments as of the reporting date.
- Level 2 - Pricing inputs other-than-quoted prices in active markets, which are either directly or indirectly observable as of the reporting date.
- Level 3 - Pricing inputs which are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The investments are valued using Level 2 inputs, as follows:

Certificates of deposit: Valued at cost plus accrued interest, which approximates market.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

THE BRIDGE OVER TROUBLED WATERS, INC.

Notes to the Combined Financial Statements

December 31, 2019 and 2018

(Continued)

The following table presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2019:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|------------------------|----------------|----------------|----------------|--------------|
| Certificate of deposit | \$ - | \$ 161,794 | \$ - | \$ 161,794 |

The following table presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2018:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|------------------------|----------------|----------------|----------------|--------------|
| Certificate of deposit | \$ - | \$ 158,969 | \$ - | \$ 158,969 |

Other financial instruments that are not valued on a recurring basis are cash, receivables and payables. Management believes the carrying amounts of these financial instruments approximate their fair values, based upon their short-term nature.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2019 and 2018:

| <u>Description</u> | <u>2019</u> | <u>2018</u> |
|-----------------------------------|---------------------|---------------------|
| Land | \$ 307,505 | \$ 307,505 |
| Buildings and improvements | 6,011,721 | 5,778,147 |
| Furnishings and fixtures | 119,753 | 119,753 |
| Vehicles | 220,001 | 218,380 |
| Computers, equipment and software | 166,565 | 165,405 |
| Total property and equipment | 6,825,545 | 6,589,190 |
| Less: accumulated depreciation | (2,448,862) | (2,232,633) |
| Total property and equipment, net | <u>\$ 4,376,683</u> | <u>\$ 4,356,557</u> |

Depreciation expense was \$216,229 and \$226,224 for the years ended December 31, 2019 and 2018, respectively.

THE BRIDGE OVER TROUBLED WATERS, INC.

Notes to the Combined Financial Statements

December 31, 2019 and 2018

(Continued)

NOTE 6. DEBT

Line of Credit

The Bridge has a \$50,000 unsecured business line of credit with a local bank. The line of credit has a fixed interest rate of 4.25%, matures on November 10, 2019, and is collateralized by one of the certificates of deposit which had a balance of \$52,019 and \$51,297 at December 31, 2019 and 2018, respectively. No balance was due on this line of credit at December 31, 2019 and 2018, respectively.

Note Payable

On November 13, 2009, The Bridge secured a real estate loan from a local bank in the amount of \$3 million to finance the construction of its new housing facility and administrative offices. The amount due on this note was \$436,216 and \$477,035 at December 31, 2019 and 2018, respectively. The note has a variable interest rate, based on the Wall Street Journal Prime Rate plus 1%. The interest rate has a floor of 4.25% and a ceiling of 7.25%. The effective rate at December 31, 2019 was 5.50% and at December 31, 2018 was 6.50%. The note requires twenty-four (24) monthly payments of interest only through October 2011, followed by monthly payments of principal and interest in the amount of \$5,500, with a maturity date of November 13, 2031. The loan will re-price every 5 years at the Wall Street Journal Floating Prime + 1% minimum rate equal to WSJP +1% ceiling at a 3 point spread over minimum. The next re-price date is set for July 13, 2023. The note is secured by a deed of trust on both the property and improvement. The portion of the note payable maturing in the next five years consists of:

| Year Ending December 31, | Amount |
|---------------------------------|-------------------|
| 2020 | \$ 43,122 |
| 2021 | 45,554 |
| 2022 | 48,124 |
| 2023 | 50,839 |
| 2024 | 53,706 |
| Thereafter | 194,871 |
| Total balance | 436,216 |
| Less: current portion | 43,122 |
| Long-term portion | <u>\$ 393,094</u> |

NOTE 7. GRANT AWARDS

Grants received are generally renewable on an annual basis and the Organization is dependent on these grants for continued activity. The grants are usually received on a reimbursement basis. As of December 31, 2019, and 2018, the Organization had incurred \$586,886 and \$780,284, respectively, in expenses under these programs that had not been reimbursed and are recorded as accounts receivable – government grants in the accompanying combined financial statements.

The Bridge was granted a collaborative grant from the Texas Department of Housing and Community Affairs in October 2018. The grant was shared with two other Texas shelters, Bay Area Turning Point, Inc. and Houston Area Women's Centers, Inc. with the Bridge as the leading agency. This grant ended during 2018. During the years ended December 31, 2019 and 2018, \$0 and \$146,447, respectively, was distributed to Bay Area Turning Point, Inc., and \$0 and \$68,262, respectively, was distributed to Houston Area Women's Centers, Inc., under these collaborative grants. This amount is reflected in Advocacy Services in the accompanying statements of activities.

THE BRIDGE OVER TROUBLED WATERS, INC.

Notes to the Combined Financial Statements

December 31, 2019 and 2018

(Continued)

NOTE 8. IN-KIND CONTRIBUTIONS

For the years ended December 31, 2019 and 2018, professional services valued at \$167,094 and \$181,066, respectively, which met the criteria for recognition under GAAP, have been reported as in-kind contributions in the combined statements of activities. Donated food, supplies, personal items, and furniture and equipment in the amount of \$280,918 and \$463,675 have been included as in-kind contributions in the combined statements of activities for the years ended December 31, 2019 and 2018, respectively.

In addition, the Organization receives contributed services through volunteering activities which do not meet the criteria for recognition as contributed services in the combined financial statements. For the years ended December 31, 2019 and 2018, estimated volunteer hours not reflected in the combined financial statements were 10,944 and 17,047, respectively.

NOTE 9. MANAGEMENT AGREEMENT

The Bridge has a management agreement with the Women's Affordable Housing Limited Partnership (WAHLP), in which it receives management and administrative fees of \$3,010 per month for managing the operations of a transitional facility owned by WAHLP, known as Destiny Village. The Bridge also provides counseling and social services to clients at Destiny Village as part of the management services. For the years ended December 31, 2019 and 2018, total management fees charged during the year were \$53,050 and \$50,330, respectively. At December 31, 2019 and 2018, WAHLP owed \$25,422 and \$14,485, respectively, for management fees to The Bridge under this agreement, and is included in accounts receivable - other.

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS

For the years ended December 31, 2019 and 2018, the Organization received temporarily restricted funds from donors in the amount of \$236,656 and \$247,236, respectively. Amounts released from restriction during 2019 and 2018 were \$231,681 and \$261,095, respectively. There was \$68,249 and \$63,274 remaining in net assets with donor restrictions as of December 31, 2019 and 2018, respectively, which was related to unexpended grant funds to be used for family services.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Guarantees

Effective January 13, 2018, WAHLP obtained a loan from a local bank in the amount of \$989,824 maturing in January 2037, for which the Bridge is contingently liable for repayment as a guarantor of the debt. The Bridge's assets are used as collateral. The outstanding balance on this loan at December 31, 2019 was \$864,022.

Litigation

The Organization is occasionally subject to claims from employees and other third parties regarding various matters. Management has assessed the potential for loss from current and possible claims and has concluded that no losses are anticipated which would have a materially adverse effect on the combined financial position or results of operations of the Organization.

Key Person Life Insurance Policy

A \$500,000 key person term life insurance policy was purchased, effective June 5, 2015, on the life of the Executive Director. The policy has a ten-year level term period, during which annual premiums are set at \$2,250.

THE BRIDGE OVER TROUBLED WATERS, INC.

Notes to the Combined Financial Statements

December 31, 2019 and 2018

(Continued)

NOTE 12. RETIREMENT PLAN

The Organization maintains an Internal Revenue Code Section 403(b) retirement plan. Under this plan employees can make contributions from their salary. The Organization matches 50% of employee salary deferrals up to 3% of the employee's compensation. Matching contributions were \$39,925 and \$29,236 for 2019 and 2018, respectively, which are included in employee benefits expense.

NOTE 13. CONCENTRATIONS

The Bridge receives a substantial portion of its support from three grantors, as listed below:

| | Percentage of Revenue 2019 | Percentage of Revenue 2018 | Percentage of Accounts Receivable 2019 | Percentage of Accounts Receivable 2018 |
|-----------|---------------------------------------|---------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| Grantor A | 15% | 15% | 8% | 29% |
| Grantor B | 27% | 31% | 36% | 40% |
| Grantor C | 11% | 7% | 5% | 8% |

The Organization also receives substantial support from the United Way and receive funding from the general public in the form of cash donations, property, goods and services. Due to the funding from various grants, the Organization operates in a heavily regulated environment and is dependent on grants and contributions to fund operations. Therefore, the operations of the Organization could be adversely affected by any regulatory changes imposed by granting agents or by reductions in public support.

NOTE 14. RELATED PARTY

Certain members of the Board of Directors of the Organization contributed \$94,205 and \$47,980 to the Organization during the years ended December 31, 2019 and 2018, respectively.

NOTE 15. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. As a result of the declared outbreak, an economic downturn has had a significant negative impact on local and global economies. While the Organization expects this matter to negatively impact its results of operations, cash flows and financial position, the related financial impact cannot be reasonably estimated at this time.



**REPORT OF INDEPENDENT AUDITOR ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

To the Board of Directors of:

The Bridge Over Troubled Waters, Inc. and
The Bridge Foundation, Inc.
Pasadena, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the combined financial statements of The Bridge Over Troubled Waters, Inc. and the Bridge Foundation, Inc. (collectively the “Organization”), which comprise the combined statements of financial position as of December 31, 2019 and 2018, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2020.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of combined financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PMB HELIN DONOVAN, LLP*PMB Helin Donovan, LLP*

July 31, 2020
Austin, Texas



REPORT OF INDEPENDENT AUDITOR ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE*

To the Board of Directors of
The Bridge Over Troubled Waters, Inc. and
The Bridge Foundation, Inc.
Pasadena, Texas

Report on Compliance for Each Major Federal Program

We have audited The Bridge Over Troubled Waters, Inc. and the Bridge Foundation, Inc.'s (collectively the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.



Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PMB HELIN DONOVAN, LLP

PMB Helin Donovan, LLP

July 31, 2020
Austin, Texas

THE BRIDGE OVER TROUBLED WATERS, INC.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

| Federal Grantor / Pass-Through Grantor / Program or Cluster Title | CFDA | Grant/Contract Award Number | Amount Paid To Subrecipients | Federal Expenditures |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------------------------------------------------------------------------|-------------------------------------|-----------------------------|
| <u>U.S. Department of Housing & Urban Development</u> | | | | |
| Continuum of Care | 14.267 | TX0200L6E001710, TX0200L6E001811 | \$ - | \$ 1,037,965 |
| Harris County Domestic Violence Coordinating Council Continuum of Care | 14.267 | TX0476L6E001601, TX0476L6E001803 | - | 146,123 |
| | | | | <u>1,184,088</u> |
| Pass-through programs from: | | | | |
| Harris County, Texas Emergency Solutions Grants | 14.231 | C2018-0031e, C2019-0031h | - | 63,692 |
| Texas Department of Housing and Community Affairs Emergency Solutions Grants | 14.231 | 42187000062, 42197000049 | - | 65,971 |
| City of Houston Emergency Solutions Grants | 14.231 | 460-001-3805 | - | 151,682 |
| City of Pasadena Emergency Solutions Grants | 14.231 | 2018-143, 2018-142, 2018-184, 2019-183 | - | 132,683 |
| | | | | <u>414,028</u> |
| Total U.S. Department of Housing & Urban Development | | | - | <u>1,598,116</u> |
| <u>U.S. Department of Justice</u> | | | | |
| Pass-through programs from: | | | | |
| State of Texas Office of the Governor - Criminal Justice Crime Victim Assistance | 16.575 | 1755813, 3422501 | - | 1,932,861 |
| | | | | <u>1,932,861</u> |
| Office on Violence Against Women Transitional Housing for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault | 16.736 | 2016-WH-AX-0072 | - | 56,962 |
| Total U.S. Department of Justice | | | - | <u>1,989,823</u> |
| <u>U.S. Department of Health & Human Services</u> | | | | |
| Pass-through programs from: | | | | |
| Texas Health and Human Services Commission Temporary Assistance of Needy Families Cluster | 93.558 | 529-15-0032-00036, HHS00038000069 | - | 79,858 |
| Social Security Block Grant | 93.667 | 529-15-0032-00036, HHS00038000069 | | 288,988 |
| Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services | 93.671 | 529-15-0032-00036, 529-15-0006- 00024, HHS00038000069, HHS000679900011 | - | 191,307 |
| Texas Office of Attorney General Injury Prevention and Control Research and State and Community Based Programs | 93.136 | 1884055, 1993500 | - | 58,169 |
| Preventive Health and Health Services Block Grant | 93.758 | 1992759 | - | 18,700 |
| Total Department of Health & Human Services | | | - | <u>637,022</u> |
| <u>U.S. Department of Homeland Security</u> | | | | |
| Pass-through programs from: | | | | |
| United Way Emergency Food and Shelter National Board Program | 97.024 | 782800-064 | - | 47,219 |
| Total Department of Homeland Security | | | - | <u>47,219</u> |
| <u>U.S. Department of Agriculture</u> | | | | |
| Pass-through programs from: | | | | |
| Texas Department of Agriculture - Food and Nutritional Division Child and Adult Care Food Program | 10.558 | 03369 | - | 74,371 |
| Total U.S. Department of Agriculture | | | - | <u>74,371</u> |
| TOTAL EXPENDITURES | | | <u>\$ -</u> | <u>\$ 4,346,551</u> |

See accompanying notes to the schedule of expenditures of federal awards.

THE BRIDGE OVER TROUBLED WATERS, INC.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Schedule of Expenditures of Federal Awards (the “Schedule”) includes the activity of all federal grant programs administered by The Bridge Over Troubled Waters, Inc. and The Bridge Foundation, Inc. (the “Organization”). The Organization’s activities are defined in Note 1 of their basic financial statements.

Basis of Presentation

The Schedule presents total federal awards expended for each individual program in accordance with the Uniform Guidance.

Basis of Accounting

The expenditures for each of the federal financial assistance programs are presented on the accrual basis of accounting, which is defined in Note 2 of the Organization’s basic financial statements.

NOTE 2. INSURANCE

Insurance costs totaling \$32,703 were expended through federal awards during the year ended December 31, 2019.

NOTE 3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The amounts reported in the financial statements agree with the amounts reported in the accompanying Schedule of Expenditures of Federal Awards which is prepared on the basis explained in Note 2 of the financial statements. The reconciliation of the amounts reported on the Schedule to the financial statements is as follows:

| | | |
|-----------------------------------------------------------------|----|-------------------------|
| Total federal expenditures per Schedule of Federal Awards | \$ | 4,346,551 |
| Plus non-federal funding sources | | <u>421,991</u> |
| Total government grant expenditures per statement of activities | \$ | <u><u>4,768,542</u></u> |

NOTE 4. INDIRECT COST RATE

The Organization is subject to negotiated indirect cost rates and, therefore, is not eligible to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 5. SUBSEQUENT EVENTS

The Organization management has evaluated and disclosed subsequent events through July 31, 2020, the date the combined financial statements were available to be issued.

THE BRIDGE OVER TROUBLED WATERS, INC.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2019

Section I - Summary of Auditor's Results

A Financial Statements

Type of auditor's report issued: **Unmodified opinion**

Internal control over financial reporting:

- Material weakness(es) identified? **No**
- Significant deficiency(ies) identified that are not considered to be material weaknesses? **None reported**

Noncompliance material to financial statements noted? **No**

B. Federal Awards

Internal control over compliance:

- Material weakness(es) identified? **No**
- Significant deficiency(ies) identified that are not considered to be material weaknesses? **None reported**

Type of auditors' report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a) of the Uniform Guidance? **No**

Identification of major federal programs:

| CFDA Number | Name of Federal or State Program or Cluster |
|--------------------|-------------------------------------------------------------------------------------|
| 16.575 | U.S. Department of Justice – Victims of Crime Acts (VOCA) – Crime Victim Assistance |
| 14.267 | U.S. Department of Housing and Urban Development – Continuum of Care |

Dollar threshold used to distinguish programs: **\$750,000**

Auditee qualified as low-risk auditee: **No**

Section II - Financial Statement Findings

None reported.

THE BRIDGE OVER TROUBLED WATERS, INC.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2019

Section III - Federal Award Findings and Questioned Costs

None reported

Section IV- Summary Schedule of Prior Audit Findings

None reported